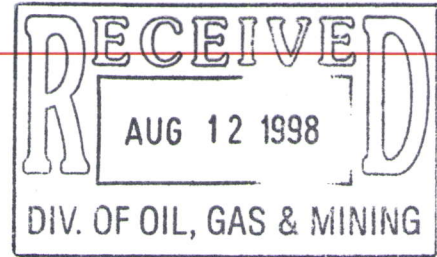


m/037/023

Umetco Minerals Corporation



P.O. BOX 1029
GRAND JUNCTION, COLORADO 81502
☎ (970) 245-3700



August 10, 1998

Mr. Anthony A Gallegos
Senior Reclamation Specialist
State of Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

Dear Mr. Gallegos:

As a follow-up to the telephone conversation with Frank Barnett on Monday, this letter provides more details on Umetco's plan to borrow earthen material near the Calliham Mine.

Umetco may borrow earthen material near the Calliham Mine to transport to the Peterson and Deremo-Snyder mines to cover and stabilize mine waste piles and disturbed areas.

Enclosed is a map showing the location of the proposed borrow area, and secondary borrow areas that could be utilized if necessary. The borrow area is approximately 9 acres and the earthen material in the area estimated to average 5 feet in depth. Umetco plans to borrow approximately 40,000 cubic yards of material. The average depth of excavation will be approximately 3 feet. The borrow site may also be used during final reclamation of the Calliham Mine.

The Peterson Mine is located in Sections 2 and 11, Township 33 South, Range 26 East, SLM, San Juan County Utah. The Deremo-Snyder Mine is located in Section 35, Township 43 North, Range 20 West, and Sections 1 and 2, Township 42 North, Range 20 West, NMPM, San Miguel County, Colorado. The Peterson Mine and the Deremo-Snyder mine are adjacent to each other. The Peterson Mine is permitted by the Utah Division of Oil, Gas and Mining(DOGM) permit number M/037/025, and the Deremo Snyder Mine is permitted under the Colorado Division of Minerals and Geology(DMG) permit number M/77/288.

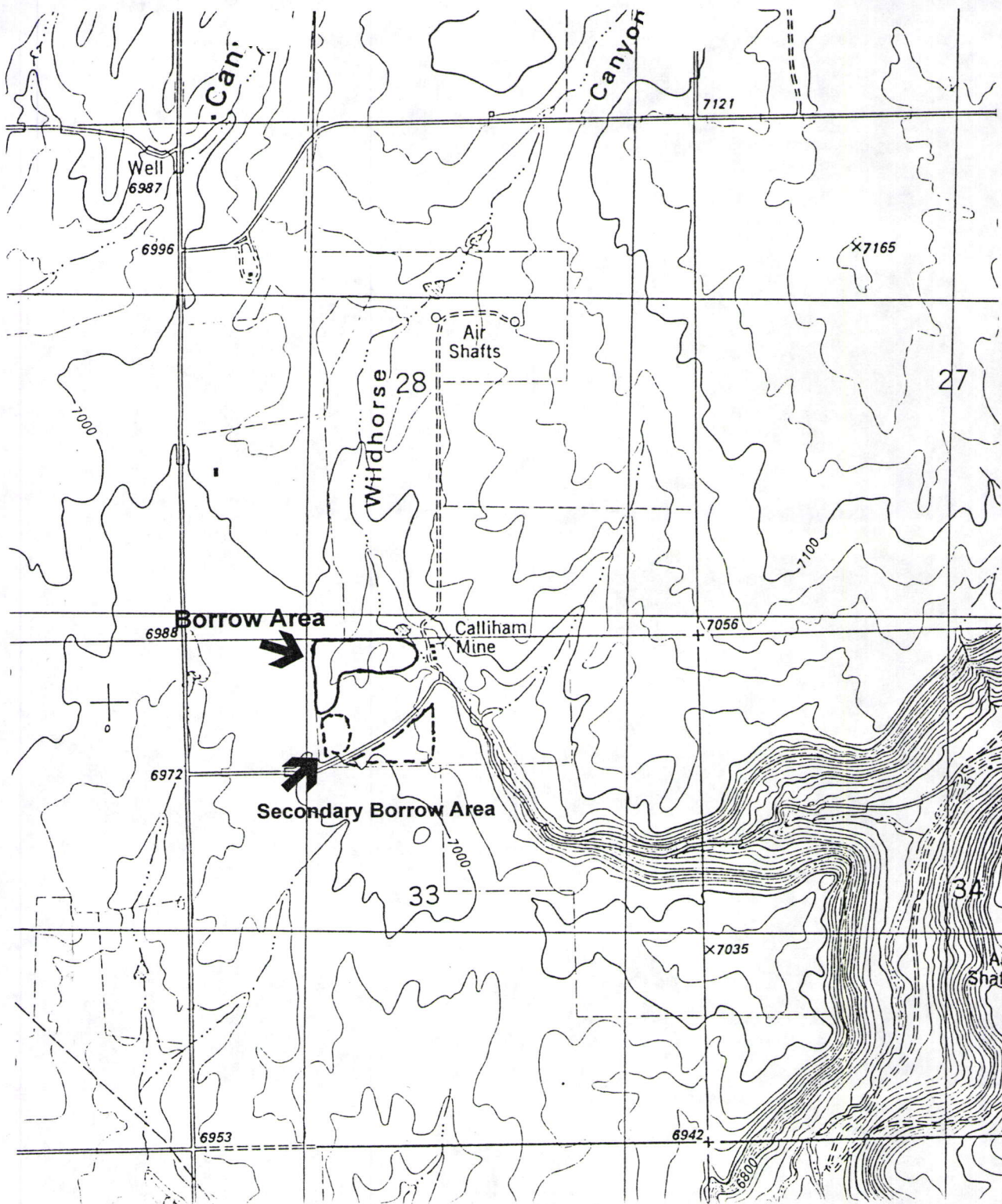
If you have any questions, or need further information, please call.

Sincerely,

Tony Bates
Mines Reclamation Manager

EXT-8881

cc: W. Erickson, Colorado DMG



Calliham Borrow Area
NE ¼ NW ¼, Section 3, T32S, R26E
San Juan County, Utah
(From USGS Piute Knoll Quadrangle)



PIUTE KNOLL
QUAD MAP

